

PROGRAM ADMINISTRATION

Posted 02/03/10

What is the Catalog of Federal Domestic Assistance (CFDA) for NSP?

The Catalog of Federal Domestic Assistance numbers for grants made under NSP are as follows:

- Entitlements – CFDA 14.218
- Insular Areas- CFDA -14.225
(American Samoa; Guam; Northern Mariana Islands; and the Virgin Islands)
- State non-entitlements – CFDA 14.228.

Posted 8/28/09

Can the staff costs associated with putting the NSP2 application together be billed to NSP1 administration?

Yes. The NSP1 Federal Register Notice allows grantees to allocate up to 10% of their NSP1 funds for program administration expenses that comply with 24 CFR 570.206. Under this citation, which applies to NSP1 funds and traditional CDBG funds, section (f) states “funds may be used to prepare applications for other Federal programs where the recipient determines that such activities are necessary or appropriate to achieve its community development objectives.”

Updated 6/16/09

When can NSP1 grantees start incurring expenses and what expenses are eligible prior to receiving a grant award?

A grantee can start incurring costs prior to receiving its grant award beginning September 29, 2008. If a grantee wants to start incurring costs beyond general planning and administrative costs, the grantee needs to comply with the provisions of 24 CFR 570.200(h) of the Entitlement regulations—most notably the environmental review requirements. A grantee must also identify these pre-award costs in the substantial amendment to its action plan which it is developing for NSP1 funding.

Will the general administration and planning costs for NSP1 be the same as CDBG (20%)?

No, the general administration and planning costs for NSP1 will **not** be the same as under the regular CDBG program. HUD is providing an alternative requirement that limits general administration and planning costs to 10 percent for NSP1 grants. Additional information on this requirement is in the Federal Register Notice under Section G. State’s direct action, “Requirements.”

Posted 10/31/08

If an NSP1 grantee allocates 10% of its NSP1 allocation to administrative costs in the Substantial Amendment Plan, does this constitute an obligation of the funds to meet the 18-month use requirement, even though the NSP1 grantee will be spending the funds over a four-year period?

The NSP1 definitions are derived from 24 CFR Part 85. These definitions include the terms “allocation” and “obligation,” which have very different meanings. Allocating 10% of an NSP1 grant for general administration and planning costs does not necessarily mean that 10% of the NSP1 grant will be obligated to general administration and planning costs.

How and at what point funds are obligated for things like personnel costs will vary, depending in part on accounting procedures as well as the nature of the cost. For example, if an NSP1 grantee hired a consultant to perform NSP1 eligible activities; there would obviously be a signed contract between the NSP1 grantee and the consultant. However, for NSP1 grantee staff, obligating personnel costs would be no different from the regular CDBG program; whenever & however the staff is assigned this work. See §85.3 definitions of obligations & accrued expenditures.

Updated 06/17/09

Can the amount of NSP1 funds appropriated for program administration automatically meet the LMMH national objective such as CDBG general administration counts as automatically meeting LMA national objective?

The CDBG rule is based on the assumption that administrative costs will be used in the same proportion as the remainder of the grant, split among LM, slum-blight, and urgent needs national objectives. However, in NSP1, 100% of the funds must benefit LMMI persons. See part II E of the October 6, 2008 NSP1 Federal Register Notice for further description of ways to meet this requirement.

Posted 11/7/08

What are the procedures for entering into an agreement with the state program to administer a portion of our allocation?

NSP1 grantees have two options. They can either enter into a joint agreement with the state, where the state would manage the local government’s entire allocation or the local government can enter into a subrecipient agreement with the state, where the state manages a specific activity. Please refer to the Urban County Notice 08-04 for further guidance.

Posted 2/24/09

Can CDBG and HOME funds be used for activity delivery staffing cost or general administrative and planning staffing costs for the implementation of the NSP1 program?

The answer is different for activity delivery costs vs. general administrative & planning costs. There is no problem with using CDBG funds for general administrative and planning costs related to the NSP1 program. The CDBG

regulations [24 CFR 570.200(a)(3)(i)] states that planning & general administrative costs will be considered to meet the primary national objective to the same extent that the grantee's program as a whole does.

Activity delivery costs are trickier. The HERA law expanded the definition of 'low- and moderate-income', but for purposes of the NSP1 funding only. Regular CDBG funds must still comply with the HCDA definitions of income eligibility; in addition, new housing construction is eligible under NSP1 but not under CDBG. Therefore, if a grantee wishes to use CDBG funds for activity delivery costs of NSP1 housing activities, then either all the NSP1 beneficiaries would have to be at/below 80% of area median income, or else the grantee staff time records would have to split out the time spent on beneficiaries who are not CDBG income eligible; that time could not be charged to the CDBG program. However, there are no limits on the amount of activity delivery costs that can be charged to NSP1 activities (or to CDBG activities either), so the only situation in which we can envision a grantee needing to use CDBG funds for NSP1 activity delivery costs might be after the 18-month deadline has passed for obligation of NSP1 funds.